

By: Davis of Dallas

H.B. No. 1137

A BILL TO BE ENTITLED

AN ACT

relating to restrictions on tax and fee benefits for certain private entities that outsource jobs to foreign countries.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subtitle F, Title 10, Government Code, is amended by adding Chapter 2270 to read as follows:

CHAPTER 2270. RESTRICTIONS ON TAX AND FEE BENEFITS TO ENTITIES THAT  
OUTSOURCE JOBS TO FOREIGN COUNTRIES

Sec. 2270.001. DEFINITIONS. In this chapter:

(1) "Domestic" means created or organized in the United States or under the laws of the United States or any state.

(2) "State agency" means a department, board, commission, or other agency in the executive branch of state government. The term does not include an institution of higher education as defined by Section 61.003, Education Code.

Sec. 2270.002. APPLICABILITY OF CHAPTER. This chapter does not apply to a credit, exemption, or discount for which the Texas Constitution specifically prescribes the eligibility requirements.

Sec. 2270.003. INELIGIBILITY OF CERTAIN ENTITIES FOR TAX AND FEE BENEFITS. Notwithstanding other law, a domestic private entity is not eligible for a credit, exemption, or discount in relation to a tax or fee imposed by this state if the entity, at any time during the previous two years, created employment suitable for performance in the United States in a country other than the United

1 States and, as a result, eliminated or failed to create similar  
2 employment in the United States.

3 Sec. 2270.004. DENIAL OF BENEFITS. (a) A state agency  
4 responsible for the issuance of a credit, exemption, or discount in  
5 relation to a tax or fee imposed by this state shall adopt rules  
6 relating to the manner in which:

7 (1) the agency will determine whether to deny the  
8 benefit under Section 2270.003 or 2270.005; and

9 (2) a person may ask the agency to reconsider the  
10 denial.

11 (b) The rules adopted by a state agency shall require that  
12 as soon as practicable after making the decision to deny a credit,  
13 exemption, or discount to a domestic private entity that is  
14 ineligible for the benefit under Section 2270.003 or 2270.005 but  
15 is otherwise eligible for the benefit, the state agency shall  
16 provide the domestic private entity with notice of and the factual  
17 basis for the denial and a description of the procedures available  
18 to request a reconsideration and to contest the factual or legal  
19 basis for the denial.

20 Sec. 2270.005. REPORTING. (a) In addition to the standard  
21 imposed by Section 2270.003, a domestic private entity that applies  
22 for a credit, exemption, or discount in relation to a tax or fee  
23 imposed by this state is not eligible for the credit, exemption, or  
24 discount unless, during the six-month period before applying for  
25 the credit, exemption, or discount, the entity reports to the Texas  
26 Workforce Commission on the number of jobs the entity created in  
27 this state and the number of jobs suitable for performance in the

1 United States that the entity created in a country other than the  
2 United States during the 12-month period before the date of the  
3 report.

4 (b) Not later than December 31 of each year, the Texas  
5 Workforce Commission shall, based on information obtained from the  
6 reports under Subsection (a), report to the governor, the  
7 lieutenant governor, and the speaker of the house of  
8 representatives the domestic private entities that are not eligible  
9 for a credit, exemption, or discount under Section 2270.003.

10 SECTION 2. Chapter 2270, Government Code, as added by this  
11 Act, applies only to a credit, exemption, or discount provided or  
12 denied on or after September 1, 2018, in relation to a tax or fee  
13 imposed by this state.

14 SECTION 3. This Act takes effect September 1, 2017.